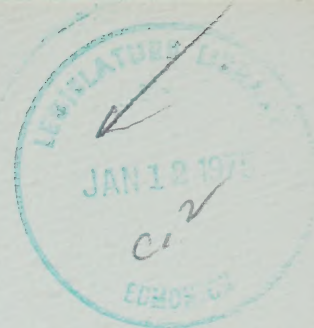


CA2 ALGT
A56
1968
c.2

ALBERTA LEGISLATURE LIBRARY

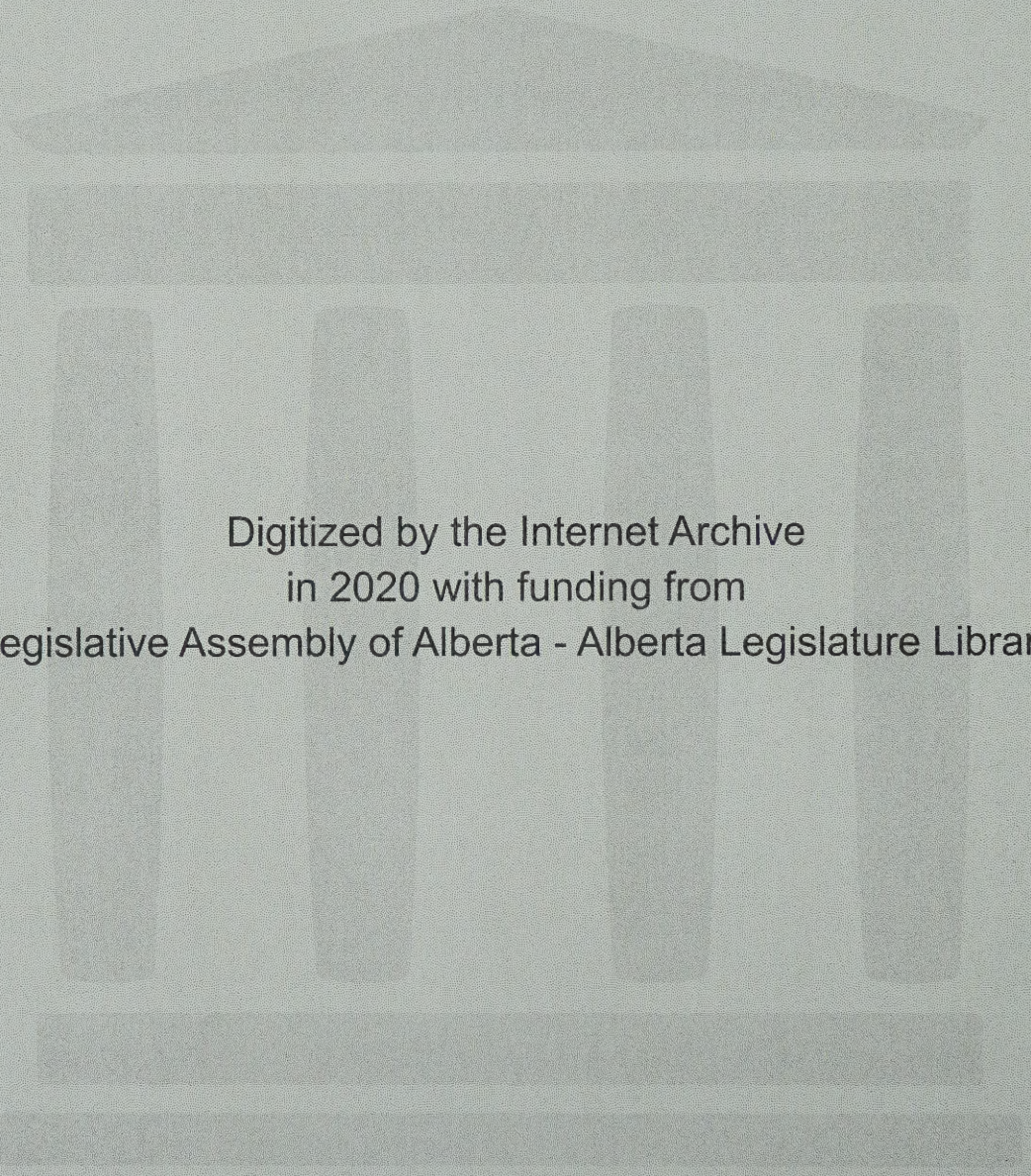


3 3398 00437 2735

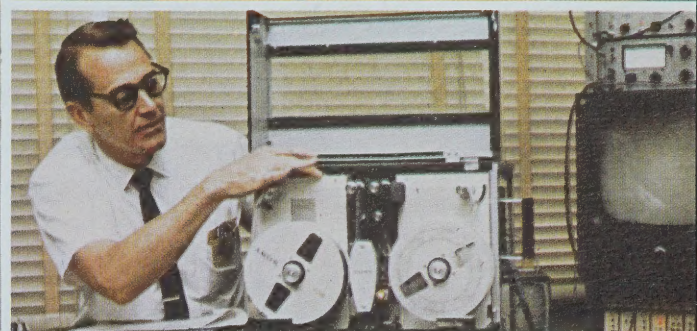


57th ANNUAL REPORT 1968

ALBERTA GOVERNMENT TELEPHONES



Digitized by the Internet Archive
in 2020 with funding from
Legislative Assembly of Alberta - Alberta Legislature Library



HIGHLIGHTS, 1968

Gross construction expenditures amounted to \$58 million.

Fifty-two new dial offices were completed, and dial additions were made to 52 existing offices.

Some 7,000 miles of rural cable were buried, making four-party service available to an additional 12,230 farms.

Almost 35 million long distance messages were completed.

Net income amounted to \$4 million.

ANNUAL REPORT

1968

The Alberta Government Telephones Commission takes pleasure in presenting the company's Fifty-Seventh Annual Report.

The Province of Alberta has experienced steady growth and development throughout the year. The province's economy — at one time primarily agricultural—has been increasingly stabilized by a broadening and diversifying base of manufacturing, mineral production, and construction. Manufacturing reached \$1.6 billion, an increase of 4.8% over the previous year; mineral production, \$1.1 billion, an increase of 10.3%; and construction, \$1.5 billion, an increase of 16%.

AGT has not only been keeping pace with this development, but has contributed substantially toward it. At the end of the year, the company's investment in telephone plant had passed the \$405 million mark. Record construction amounted to more than \$58 million. These expenditures made possible the modernization of facilities and the extension of service throughout the province.

FINANCIAL

Operating Revenues for 1968 amounted to \$86,755,471.00, an increase of 14.5% over 1967. The increase reflects the effect of having the new rates for a full year, together with the continued growth of the system.

Operating Expenses in 1968 amounted to \$67,870,534.00, an increase of 7.6% over 1967. This increase, lower than in previous years, reflects the careful control on costs despite increased salary and wage levels. The largest single item again is depreciation resulting from the continued expansion of the telephone plant.

Net Operating Revenue amounted to \$18,884,937.00, representing a 6% return on the calculated rate base.

The net Debt Service Charges amounted to \$14,639,587.00, an increase of 16.6% over 1967.

Net income from telephone operations amounted to \$4,245,350.00, and after deducting operating costs of \$226,246.00 for Radio Station C.K.U.A., this leaves a Net Income of \$4,019,104.00.

FINANCING

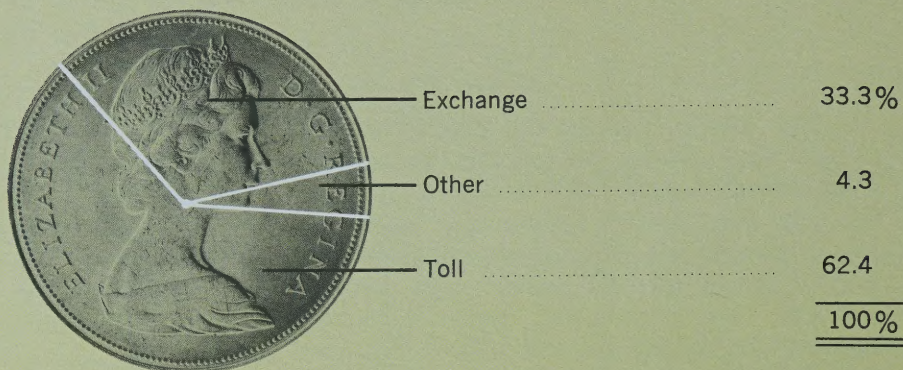
During the fiscal year, a total of \$24,235,000 in debentures was issued by the Commission, of which \$17,335,000 was required to provide capital funds for the 1968 construction program and to retire \$1,590,000 United States pay debentures called for redemption. The balance of \$6,900,000 will be applied toward the current construction program.

<i>Maturity</i>		<i>Rate of Interest</i>	<i>Currency</i>	<i>Amount</i>
October 1992		6¼ %	U.S.	\$ 1,735,000.00
August 1993		7¾ %	U.S.	\$22,500,000.00

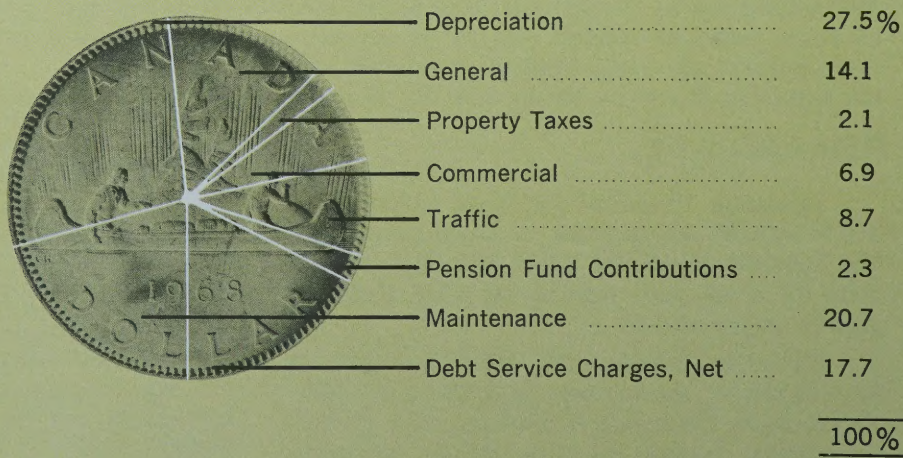
The last issue of \$30,000,000 U.S. pay debentures in August, 1968, was fully subscribed. This was a private placement sold at par carrying interest at the rate of 7 3/8%, the highest paid by the Commission to date, resulting in an unavoidable rise in debt charges. Proceeds are earmarked for the construction program.

The Commission continues to emphasize, throughout the System, the need for continued diligent employee support of a successful cost reduction program to meet increasing operational costs due to the unabated upward trend in interest rates on borrowed capital and inflationary wage demands.

OPERATING REVENUE



OPERATING EXPENSES



LONG DISTANCE

During the year, 34,786,774 long distance messages were completed, representing an increase of 9.5% over the same period in 1967.

Type	Total	Percent
Operator handled	18,134,634	52.1%
Customer DDD	16,652,140	47.9
	34,786,774	100.0%

In addition, 437,930 TWX teletypewriter messages were completed over the long distance network, representing an increase of 35.5% over the same period in 1967.

The toll network was increased by 276 toll circuits, 92 of which were added to the Trans-Canada system.

TRANS-CANADA TELEPHONE SYSTEM

Alberta Government Telephones, as a part of the Trans-Canada Telephone System, made significant contributions to the country's communications capabilities. Data services were introduced which provided for computer time-sharing at flat monthly rates and automatic exchange of information between telecommunications devices regardless of code format or speed.

In the area of satellite communications, a proposal was made to the Federal Government recommending government-industry co-operation in the building of a system to serve the entire country. It would be integrated with existing telecommunications facilities to carry television programs, telephone calls, data, and other services. The system would involve the construction and equipping of earth stations across Canada, the purchase of three communications satellites, and the launching of two of them into stationary orbit.

A Canadian Forces Switched Network was commissioned, during the year, and construction was commenced to link the country's bases and radar sites from coast to coast by one of the most advanced systems in the world.

MARKETING

The Marketing Department continued a concentrated program of analytical market coverage throughout 1968, and its total recurring monthly revenue increased by 37%.

A well-planned TWX sales campaign resulted in the placement of 68 TWX machines in the offices of Alberta lawyers. The total number of TWX machines sold in the province showed an increase of 26% over the previous year.

To meet the vigorous growth of computer services available in Alberta, Marketing introduced three new service offerings:

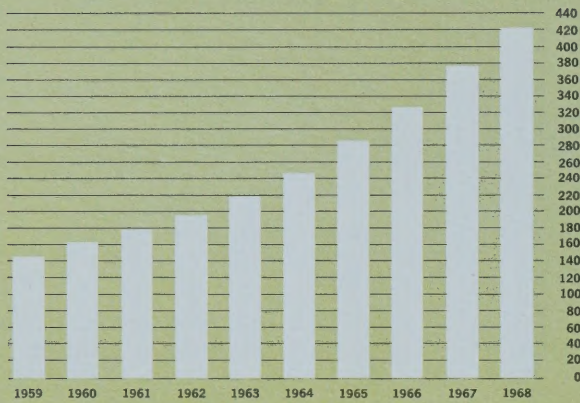
1. DATAcom—an access to time-shared computers and other DATAcom facilities via input/output teletypewriter.
2. Message Switching Data Service (MSDS) — a store and forward message switching service. MSDS accepts data from subscribers in the form of written message traffic or business machine to business machine communication. The data is stored momentarily and then transmitted to its intended destination by means of a computer located on telephone company premises.
3. Dataline I—a measured rate voice/data service offering. This service permits a customer to dial a connection to any other Dataline I station for transmission of data or voice communications.

BUSINESS INFORMATION SYSTEMS

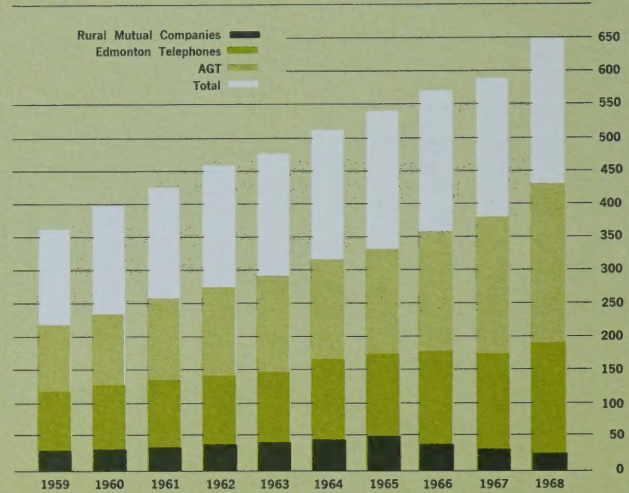
The design and programming of the Cash and Accounts phase of the Customer Record and Billing System continued as planned during the year 1968. Testing of programs and the conversion of customer records, for the pilot offices, to a Computer Master File was commenced during the November - December period. In association with this system, the introduction of Universal Service Order Equipment Codes, on a provincial basis, covering all Service Order activity, was begun during the month of December.

Development, design, and programming for the Continuing Property Records System including

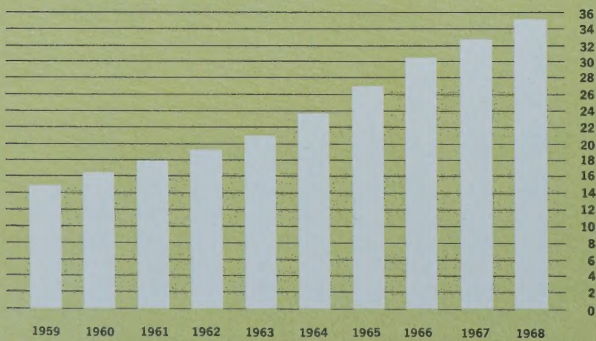
TOTAL PLANT INVESTMENT AS AT DECEMBER 31
(MILLIONS OF DOLLARS)



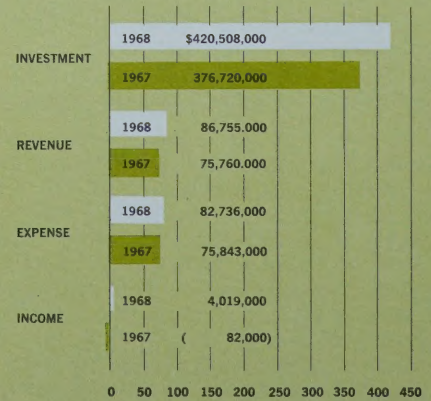
DISTRIBUTION OF TELEPHONES IN ALBERTA AS AT DECEMBER 31
(THOUSANDS)



NUMBER OF LONG DISTANCE MESSAGES
(MILLIONS)



FINANCIAL PERFORMANCE
(MILLIONS OF DOLLARS)



depreciation studies and outside plant inventory valuations progressed during the year. Modifications to the Toll Billing System programs, such as the introduction of the night economy rate and AMA-DDD statistical alterations were completed.

Calgary Stores stock control and associated inventory programs were re-written during the year to reflect changing requirements. Design and programming for the production of a Calgary Numerical Street Directory were completed to meet the year-end publication date.

System design and program development for the Traffic Usage Recorder System was initiated in September. During the last quarter of 1968 programming for a Trans-Canada Toll Trunk Study was undertaken in conjunction with Traffic and Engineering Departments.

A Project Team for the development of the second phase of the Computer Oriented Payroll and Personnel System (COPPS) was established, and training of participating departmental staff commenced.

Toll messages billed during the year 1968 reached an average volume of 2,769,000 per month, an approximate increase of 7% over 1967 volumes.

RURAL DEVELOPMENT

To date, \$33.6 million has been invested in a buried cable program which will ultimately bring four-party telephone service to virtually all of the rural subscribers in the province. Approximately 27,800 miles of cable and wire have been buried, and facilities have been installed to provide more than 27,000 applicants with service.

In 1968, some 7,000 miles of buried cable and wire brought service to 41 new areas, and 819 miles of cable extensions brought additional service to another 40 areas. During the year four-party service was extended to 8,802 existing subscribers and 3,428 new subscribers.

PERSONNEL

On December 12, 1968, the Honorable Raymond Reiersen was appointed Minister of Telephones, succeeding the Honorable A. O. Aalborg, who had served in this capacity since July, 1967. Mr. Reiersen had previously served

as Minister of Telephones from September, 1959, to July, 1967.

A major change in the company's organizational structure was made, during the year, to increase its administrative efficiency. Reporting to the General Manager, under the new plan, are four directors who co-ordinate the entire company's operations: Director - Administration, Director - Engineering and Construction, Director - Operations, and Director - Planning. The new structure centralizes some administrative functions to gain increased efficiency in the use of manpower, equipment, and facilities, and provides for divisional managers with full local authority where on-the-spot decisions can result in better customer service.

Resulting from these changes, service was extended and improved widely throughout the province, and there was an actual decrease in staff.

	December 1968	December 1967	Decrease for 1968
Permanent Employees	6,090	6,235	145
Occasional Employees	270	263	(7)
Total Employees	6,360	6,498	138

The Commission policy of paying wages and salaries in good relationship to other telephone companies, provincial industries, and community levels where comparable skill, effort, and responsibilities are performed under similar working conditions has resulted in adjustments to management salaries, and a signed collective agreement with our Traffic Operators represented by the I.B.E.W., covering the period May 1, 1968, to April 30, 1970. Similar settlements with our operating craft and clerical forces are expected to be concluded early in 1969.

AGT's continued progress is largely dependent upon the conscientious efforts of its well trained and highly skilled employee body. The Commission gratefully acknowledges the employees' sincere and effective contributions during 1968.

PENSION SCHEME

As at December 31, 1968, there were 5,439 employees participating in the Pension Scheme, 2,133 females and 3,306 males, a total decrease of

177 employees during the year. Pensions were paid to 229 pensioners at an average of \$244.53 per month.

The par value of securities held in the Pension Fund Investment Portfolio on December 31, 1968, was \$32,089,720.30, an increase of \$4,098,267.98 over the previous year. In addition, there was a cash balance of \$38,731.47 available for investment; \$491,731.19 accounts receivable, representing Commission and employee contributions; and a further \$401,568.23 accrued interest and dividends. During the year, securities in the amount of \$1,855,402.39 reached maturity, were called for redemption or sold. The Board invested \$277,206.80 in N.H.A. mortgages, a new field of securities for the Scheme.

Changes in the Pension Scheme have taken place in a number of areas. An employee age 55 or over is now eligible to enter the Pension Scheme after having submitted a favorable medical report. An employee with 10 or more years of service is entitled to a pension if he becomes partially or totally disabled. In the event of death of an employee who has completed a minimum of 15 years of service, formerly 20, the widow is entitled to a pension.

FUTURE DEVELOPMENT

A record Construction Budget of \$64.2 million has been set to meet the province's increasing requirements for communications services.

A total of \$12.9 million has been budgeted for central office exchange equipment. Dial additions will cost \$6.3 million, and will bring increased service to 33 exchanges. The largest additions will be made at the Calgary Main, Bowness, Killarney, and Kingsland exchanges, and at the Lethbridge exchange.

Dial office replacements will cost \$3.8 million. The replacement Drumheller central office, with attendant DDD facilities, will be put into service, along with the neighboring community dial offices of Delia, East Coulee, and Morrin. The Grande Prairie central office will have the replacement of equipment commenced this year and completed in 1970.

In the Calgary area, the new \$2.3 million Huntington Hills central office will be put into

service, with this year's final expenditure on the project amounting to \$1 million, and engineering will be commenced on the new Bonavista exchange. Five other CDO's throughout the province will be put into service at a cost of \$400,000 — Bragg Creek, Hobbema, Peers, Big Horn, and Grande Cache.

The Canadian Forces Switching Network facilities in Lethbridge will be completed, with this year's investment amounting to \$400,000.

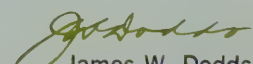
A total of \$10.3 million has been budgeted for toll equipment and facilities. Toll facilities expenditures will amount to \$5.6 million, including the Northern Inter-Provincial Radio System, \$1.2 million; the replacement of open wire from Vegreville to Lloydminster, \$800,000; and the wide band data facilities in Calgary, \$500,000. Approximately \$3.5 million will be put toward construction of the new Edmonton Toll Office, and \$200,000 for partial engineering of the 4A machine and toll equipment. Toll switchboard and switching machine expenditures will amount to \$1 million.

Construction expenditures of \$4.7 million will be made on the new Head Office Building in Edmonton. Scheduled for completion in 1971, the building will provide 500,000 square feet of office space.

A total of \$6.9 million has been budgeted for outside plant exchange cable, including trunk cable between the Calgary exchanges at a cost of \$1.3 million.

An additional \$8.7 million is scheduled to be spent on rural cable. Some 6,000 miles of buried cable and wire will bring service to 31 new areas, and 100 miles of cable extensions will bring additional service to another 4 areas. During the year, four-party service will be extended to 7,000 subscribers, and made available to an additional 3,000 potential subscribers.


Honorable Raymond Reiersen
Minister of Telephones


James W. Dodds
General Manager

GOVERNMENT OF THE PROVINCE OF ALBERTA

OFFICE OF THE PROVINCIAL AUDITOR

March 14, 1969

The Alberta Government Telephones Commission
EDMONTON, Alberta

I have audited the books and records of the Alberta Government Telephones Commission for the year ended December 31, 1968. The following statements are submitted herewith:

Statement	Particulars
A.	Balance Sheet
B.	Statement of Surplus
C.	Statement of Income
D.	Statement of Net Long Term Debt
E.	Statement of Source and Application of Funds Pension and Death Benefit Fund:
F.	Balance Sheet
G.	Statement of Operations

The Alberta Government Telephones Commission was established under authority of Chapter 85, Statutes of Alberta, 1958, to acquire all the assets and assume all the liabilities of Alberta Government Telephones as at April 1, 1958.

Operations for the year, as shown in Statement C, resulted in a net profit of \$4,019,104, which was carried to the surplus account. Net adjustments applicable to acquired assets, \$23,018, were credited to surplus. The cost of integration of mutual telephone companies, \$161,559, was charged to surplus.

An amount of \$804,600, in respect of a wage settlement, retroactive to May 1, 1968, made pursuant to terms of an agreement completed subsequent to the year end has been included in the accounts as at December 31, 1968.

Pension and Death Benefit Fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones Commission has the following estimated commitments which were not reflected in the Balance Sheet as at December 31, 1968:

In respect of equipment for future delivery	\$25,693,000
In respect of uncompleted contracts	24,949,000

Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission as at December 31, 1968, according to information and explanations given to me and as shown by the books of the Commission and the accompanying Statement of Income correctly sets forth the result of operations for the year ended at that date.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

BALANCE SHEET AS AT DECEMBER 31, 1968

(with comparative figures for 1967)

ASSETS

	1968	1967
Telephone property, at cost:		
Land, buildings and equipment	\$405,409,141	\$360,753,131
Less: Accumulated depreciation	87,765,682	76,266,824
	<u>\$317,643,459</u>	<u>\$284,486,307</u>
Plant under construction	15,099,201	15,967,056
Materials and supplies, at cost	<u>7,266,807</u>	<u>6,623,290</u>
	<u>\$340,009,467</u>	<u>\$307,076,653</u>
Current:		
Cash on hand and in banks	\$ 1,877,558	\$ 1,738,060
Short term deposits, including accrued interest	8,436,583	19,258,965
Accounts receivable, less allowance for doubtful accounts	13,178,727	11,489,105
Prepaid expenses	<u>972,204</u>	<u>1,122,835</u>
	<u>\$ 24,465,072</u>	<u>\$ 33,608,965</u>
Deferred charges:		
Expenses re inventory of outside plant		
and application for rate increase	\$ 2,509,406	\$ 2,731,401
Unamortized debenture discount	<u>2,646,231</u>	<u>2,650,269</u>
	<u>\$ 5,155,637</u>	<u>\$ 5,381,670</u>
Trust funds:		
Pension and death benefit fund, Statement F	\$ 33,021,751	\$ 28,718,648
Government of Canada bonds	846,969	796,628
Employees group life insurance	<u>168,419</u>	
	<u>\$ 34,037,139</u>	<u>\$ 29,515,276</u>
	<u><u>\$403,667,315</u></u>	<u><u>\$375,582,564</u></u>

GOVERNMENT OF THE PROVINCE OF ALBERTA
ALBERTA GOVERNMENT TELEPHONES COMMISSION

Statement A

LIABILITIES

	<u>1968</u>	<u>1967</u>
Long term debt, Statement D:		
Debentures payable	\$280,923,000	\$258,278,000
Deduct: Sinking fund assets	14,963,935	10,849,138
	<u>\$265,959,065</u>	<u>\$247,428,862</u>
Advances from Provincial Treasurer	39,697,205	42,538,686
	<u>\$305,656,270</u>	<u>\$289,967,548</u>
Unamortized premium, net, on United States funds	<u>\$ 9,193,257</u>	<u>\$ 7,443,363</u>
Current:		
Matured debentures and coupons	\$ 251,968	\$ 207,524
Less: Cash provided for redemption	<u>251,968</u>	<u>207,524</u>
Accounts payable	\$ 5,213,635	\$ 6,163,582
Wages payable	3,931,678	1,669,028
Accrued interest	5,716,660	4,978,358
Unearned revenue	<u>1,565,919</u>	<u>1,373,215</u>
	<u>\$ 16,427,892</u>	<u>\$ 14,184,183</u>
Surplus, retained for investment in plant, debt redemption and working capital, Statement B	<u>\$ 38,352,757</u>	<u>\$ 34,472,194</u>
Trust:		
Pension and death benefit fund, Statement F:		
Accounts payable	\$ 5,714	\$ 69,082
Pension and death benefit fund reserve	<u>33,016,037</u>	<u>28,649,566</u>
	<u>\$ 33,021,751</u>	<u>\$ 28,718,648</u>
Employees' accounts	294,882	121,902
Bond instalments payable	<u>720,506</u>	<u>674,726</u>
	<u>\$ 34,037,139</u>	<u>\$ 29,515,276</u>
	<u><u>\$403,667,315</u></u>	<u><u>\$375,582,564</u></u>

This is the Balance Sheet referred to in my report of March 14, 1969, addressed to the Alberta Government Telephones Commission.



C. K. HUCKVALE, F.C.A.
Provincial Auditor.

STATEMENT OF SURPLUS**FOR THE YEAR ENDED DECEMBER 31, 1968**

Surplus as at January 1, 1968		\$ 34,472,194
Add:		
Net profit for the year ended		
December 31, 1968, Statement C	\$ 4,019,104	
Adjustments applicable to acquired assets, net	<u>23,018</u>	
		<u>4,042,122</u>
		\$ 38,514,316
Deduct:		
Cost of integration of mutual telephone companies		<u>161,559</u>
Surplus as at December 31, 1968		<u><u>\$ 38,352,757</u></u>

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for 1967)

	1968	1967
Operating revenues:		
Toll	\$ 54,176,491	\$ 47,231,778
Exchange	28,857,905	25,170,754
Other (Note 1)	4,243,381	3,830,405
	<u>\$ 87,277,777</u>	<u>\$ 76,232,937</u>
Less:		
Provision for uncollectible operating revenues	522,306	472,488
	<u>\$ 86,755,471</u>	<u>\$ 75,760,449</u>
Operating expenses:		
Maintenance	\$ 17,161,585	\$ 17,813,257
Depreciation	22,758,955	18,560,217
Traffic	7,244,897	7,384,584
Commercial	5,614,550	5,612,216
General and administration	11,463,368	10,444,578
Pension fund and Canada Pension Plan contributions	1,920,312	1,802,100
Property taxes	1,706,867	1,443,165
	<u>\$ 67,870,534</u>	<u>\$ 63,060,117</u>
Operating income before debt service charges	\$ 18,884,937	\$ 12,700,332
Debt service charges, net (Note 2)	14,639,587	12,555,326
Net income from telephone operations	<u>\$ 4,245,350</u>	<u>\$ 145,006</u>
Other charges:		
Net operating costs of Radio Station CKUA	226,246	227,278
Net profit (loss) for the year ended December 31	<u>\$ 4,019,104</u>	<u>\$ (82,272)</u>
Note 1—Other operating revenues include:		
Rental revenue	\$ 2,248,800	\$ 2,171,039
Directory advertising and sales	1,879,621	1,501,922
Other	114,960	157,444
	<u>\$ 4,243,381</u>	<u>\$ 3,830,405</u>
Note 2—Debt service charges, net, include:		
Interest and exchange on long term debt	\$ 16,589,537	\$ 13,803,629
Amortization of discount, net	164,199	138,069
Exchange on debt redemptions	118,267	131,374
Other charges	20,000	21,146
	<u>\$ 16,892,003</u>	<u>\$ 14,094,218</u>
Less: Interest earnings, net	\$ 819,470	\$ 541,127
Sinking fund earnings	737,197	493,428
Interest capitalized during construction	588,384	441,454
Gains on redemptions	107,365	62,883
	<u>\$ 2,252,416</u>	<u>\$ 1,538,892</u>
	<u>\$ 14,639,587</u>	<u>\$ 12,555,326</u>

STATEMENT OF NET LONG TERM DEBT

AS AT DECEMBER 31, 1968

Date of Issue	Maturity Date	Interest Rate	Currency	(A) Original Issue or Advance	Amount Outstanding	Deduct: Sinking Fund Assets	Net Long Term Debt
(B) Debentures payable:							
August 1, 1964	August 1, 1969	5 %	Canadian	\$15,000,000	\$ 15,000,000	\$	\$ 15,000,000
March 15, 1966	March 15, 1976	5½ %	Canadian	7,000,000	7,000,000		7,000,000
May 2, 1966	May 2, 1976	5½ %	Canadian	8,000,000	8,000,000		8,000,000
July 2, 1958	July 2, 1978	4¼ %	Canadian	18,000,000	18,000,000	5,889,805	12,110,195
September 1, 1959	September 1, 1979	4¾ %	United States	10,000,000	6,952,000		6,952,000
August 1, 1961	August 1, 1981	5¼ %	Canadian	12,000,000	12,000,000	2,152,496	9,847,504
March 1, 1960	March 1, 1985	5¾ %	United States	22,000,000	17,436,000		17,436,000
April 15, 1965	April 15, 1985	5¼ %	Canadian	10,000,000	10,000,000	669,269	9,330,731
January 15, 1963	January 15, 1988	4¾ %	United States	20,000,000	18,035,000		18,035,000
October 15, 1964	October 15, 1989	4¾ %	United States	25,000,000	25,000,000	2,407,623	22,592,377
August 15, 1965	August 15, 1990	4¾ %	United States	25,000,000	25,000,000	1,770,361	23,229,639
August 15, 1966	August 15, 1991	6 %	Canadian	25,000,000	25,000,000	1,058,605	23,941,395
December 15, 1966	December 15, 1991	6 %	United States	11,000,000	11,000,000	492,296	10,507,704
April 15, 1967	April 15, 1992	6 %	Canadian	25,000,000	25,000,000	523,480	24,476,520
October 1, 1967	October 1, 1992	6¼ %	United States	35,000,000	35,000,000		35,000,000
August 1, 1968	August 1, 1993	7¾ %	United States	22,500,000	22,500,000		22,500,000
				\$290,500,000	\$280,923,000	\$ 14,963,935	\$265,959,065
(C) Advances from the Provincial Treasurer:							
December 1, 1950	December 1, 1975	3 %	Canadian	\$ 2,000,000	\$ 716,772		\$ 716,772
Déceंबर 1, 1951	December 1, 1976	3 %	Canadian	5,000,000	2,018,771		2,018,771
October 1, 1952	December 1, 1977	3 %	Canadian	7,000,000	3,134,541		3,134,541
November 1, 1953	December 1, 1978	3½ %	Canadian	8,000,000	4,044,001		4,044,001
November 1, 1954	December 1, 1979	3½ %	Canadian	8,000,000	4,376,491		4,376,491
June 1, 1950	June 1, 1980	3 %	Canadian	16,560,142	8,128,988		8,128,988
January 1, 1956	December 1, 1980	3½ %	Canadian	7,000,000	4,110,436		4,110,436
January 1, 1957	December 1, 1981	3½ %	Canadian	10,000,000	6,259,800		6,259,800
November 1, 1957	December 1, 1982	4½ %	Canadian	10,000,000	6,907,405		6,907,405
				\$ 73,560,142	\$ 39,697,205		\$ 39,697,205
				\$364,060,142	\$320,620,205	\$ 14,963,935	\$305,656,270

- (A) Issues repayable in United States currency are recorded on the basis that a U.S. dollar equals a Canadian dollar. Unamortized premium, net, on United States funds reflected in the Balance Sheet represents premiums, net, received on issue of debentures, deferred to offset anticipated exchange costs at maturity.
- (B) Debentures payable are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta. Sinking fund payments and redemptions due in the year ending December 31, 1969, amount to Canadian \$2,060,000 and United States \$2,274,000.
- (C) Advances from the Provincial Treasurer are repayable on a semi-annual basis. Repayments due in the year ending December 31, 1969, amount to \$2,939,283.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1968

Source of Funds:

Operations:

Net profit, Statement C	\$ 4,019,104
Depreciation and other expenses not requiring an outlay of working capital	23,901,935

\$ 27,921,039

Proceeds from debenture issues	25,999,103
	<u>\$ 53,920,142</u>

Application of Funds:

Additions to telephone property	\$ 55,971,934
Retirement of long term debt, net	8,546,278
Deferred charges	627,974
Integration of mutual telephone companies	161,558

\$ 65,307,744

Decrease in Working Capital	<u>\$ 11,387,602</u>
-----------------------------------	----------------------

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT DECEMBER 31, 1968

ASSETS

Cash in bank	\$	38,731
Short term promissory notes		618,680
Due from stockbrokers		23,277
Contributions receivable		468,454
Investments:		
Bonds and debentures at par value	\$	28,628,700
National Housing Act mortgages		277,207
Shares at cost		2,565,134
		<u>31,471,041</u>
Accrued interest		401,568
		<u>\$ 33,021,751</u>

LIABILITIES

Accounts payable	\$	5,714
Pension and Death Benefit Fund Reserve:		
Employees' accounts	\$	9,554,790
Employer's account		23,461,247
		<u>33,016,037</u>
		<u>\$ 33,021,751</u>

Edmonton, Alberta

March 14, 1969

I have audited the books and records of the Alberta Government Telephones Commission's Pension and Death Benefit Fund for the year ended December 31, 1968.

Investments were verified by actual examination and are summarized hereunder:

Bonds and Debentures, at par value		
Government of Canada, direct and guaranteed	\$	5,001,000
Provincial, direct and guaranteed		10,934,000
Municipal		4,145,000
School District		92,000
Corporation		8,456,700
		<u>\$ 28,628,700</u>
Mortgages		
National Housing Act mortgages	\$	277,207
Shares, at cost		
Preferred	\$	525,172
Common		2,000,727
Warrants		39,235
		<u>\$ 2,565,134</u>
		<u>\$ 31,471,041</u>

Market value of the bonds and debentures amounted to approximately \$23,654,700 and market value of shares to approximately \$2,896,200 as at December 31, 1968.

An actuarial survey as at December 31, 1966, indicated that the Fund as constituted would be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at December 31, 1968, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C. K. Huckvale

C. K. HUCKVALE, F.C.A.
Provincial Auditor.

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1968

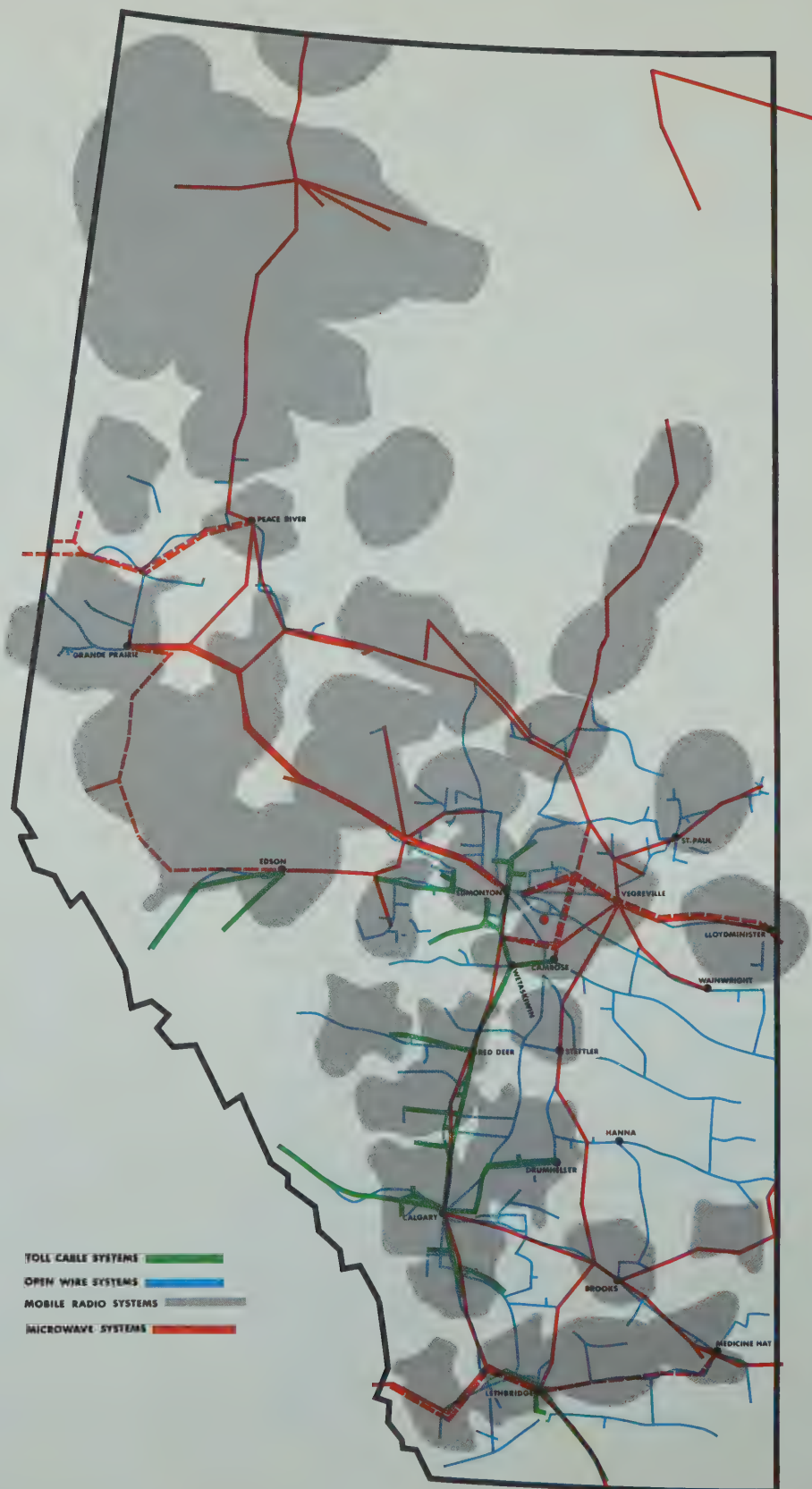
	Employees' Accounts	Employer's Account	Total
Pension and Death Benefit Fund reserve as at January 1, 1968	\$ 8,361,408	\$20,288,158	\$28,649,566
Add:			
Contributions	1,480,818	2,313,077	3,793,895
Earnings	332,662	1,419,122	1,751,784
Transfers in respect of employees retiring on pension	(158,380)	158,380	
	<u>\$10,016,508</u>	<u>\$24,178,737</u>	<u>\$34,195,245</u>
Deduct:			
Pension payments	\$	\$ 661,669	\$ 661,669
Withdrawals	460,665		460,665
Contributions and earnings transferred to other pension authorities, net	1,053	1,053	2,106
Administration expense		54,768	54,768
	<u>\$ 461,718</u>	<u>\$ 717,490</u>	<u>\$ 1,179,208</u>
Pension and Death Benefit Fund reserve as at December 31, 1968	<u>\$ 9,554,790</u>	<u>\$23,461,247</u>	<u>\$33,016,037</u>

ALBERTA GOVERNMENT TELEPHONES STATISTICS

	1968	1967	1966*	1966
NUMBER OF TELEPHONES				
System Owned	431,075	393,489	364,425	340,264
Rural Mutual Company	28,369	31,536	34,294	39,349
Private System	190,475	177,897	178,432	169,648
TOTAL	649,919	602,922	577,151	549,261
Percent Dial Telephones	99.4%	98.1%	96.6%	95.8%
TELEPHONE MOVEMENT				
Connected	140,888	103,583	110,078	83,542
Disconnected	103,302	74,519	85,917	61,560
INCREASE	37,586	29,064	24,161	21,982
NUMBER OF EXCHANGES	337	349	357	364
NUMBER OF TOLL OFFICES	52	89	98	109
LONG DISTANCE MESSAGES	35,106,114	32,251,057	23,185,514	27,495,279
TOTAL PLANT INVESTMENT	420,508,342	376,720,187	324,787,269	293,463,001
TOTAL REVENUES	86,755,471	75,760,449	47,325,404	55,241,366
TOTAL EXPENSES	82,736,367	75,842,721	51,318,069	56,717,592
NET INCOME (LOSS)	4,019,104	(82,272)	(3,992,665)	(1,476,226)
TOTAL EMPLOYEES	6,360	6,498	6,513	5,949
TOTAL PAYROLL	39,203,373	36,908,694	24,635,840	27,136,387
*Nine-month Period Only — April to December				
MARCH 31, 1960, TO DECEMBER 31, 1968				

1965	1964	1963	1962	1961	1960
318,282	297,086	278,598	260,080	240,884	222,964
38,418	36,910	35,185	33,121	31,663	30,645
158,809	148,568	147,850	138,324	127,538	119,066
515,509	482,564	461,633	431,525	400,085	372,675
93.8%	91.1%	89.0%	86.4%	84.8%	83.7%
103,742	99,195	91,703	61,420	50,329	61,736
82,546	80,707	73,185	42,224	32,409	38,519
21,196	18,488	18,518	19,196	17,920	23,217
370	376	396	407	407	397
120	136	144	155	165	153
24,316,067	21,827,542	19,319,050	18,004,331	16,407,962	15,119,343
253,464,690	223,832,041	200,712,715	182,252,321	168,664,072	148,290,608
47,943,244	42,863,403	37,916,352	34,396,984	29,899,544	27,433,443
47,736,928	41,741,659	35,892,229	31,004,540	27,491,398	24,676,331
206,316	1,121,744	2,024,123	3,392,444	2,408,146	2,757,112
5,159	4,731	4,103	3,787	3,754	3,689
22,804,487	20,015,451	17,343,875	15,602,213	14,776,789	13,255,830

ALBERTA GOVERNMENT TELEPHONES







AGT, part of

Trans-Canada Telephone System